

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS		(See below)		(See below)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Historically, interest earned on Cash Reserve Fund invested balances has been credited to the General Fund. Legislation enacted during the 2004 legislative session (LB1090) provided that, beginning July 1, 2007, interest generated by Cash Reserve Fund invested balances is to be credited to the Building Renewal Allocation Fund. Legislation enacted during the 2006 legislative session (LB1131) provided that of the amounts to accrue to the Building Renewal Allocation Fund by virtue of Cash Reserve Fund interest, the State Treasurer is to transfer amounts to the State Capitol Restoration Fund in amounts equivalent to appropriations from the fund for FY2008-09 through FY2010-11. Sec. 187 of LB1060 [2006] effectively scheduled such appropriations in amounts of \$9,365,420 for FY2008-09, \$7,359,687 for FY2009-10 and \$4,272,753 for FY2010-11 to complete the Capitol exterior restoration project. The amounts scheduled in LB1060 [2006] do not represent valid appropriations and are subject to reaffirmation by the Legislature.

If LB249 is enacted, interest income from invested Cash Reserve Fund balances will continue to be credited to the General Fund as historically has been the case. The related interested income would not be redirected to the Building Renewal Allocation Fund beginning July 1, 2007 as current law provides.

As of January 31, 2007, the balance of the Cash Reserve Fund was \$533,546,313. Under current law, a number of transfers from the fund are scheduled to occur (\$15,674,170 in June, 2007; \$75,684,293 in June, 2008; and, \$54,995,000 in June 2009). These transfers will periodically reduce the balance of the Cash Reserve Fund through the close of FY2008-09. Assuming no other transfers from the fund are legislatively scheduled, assuming no additional funds accrue to the Cash Reserve Fund, and assuming a return on invested Cash Reserve Fund balances at 4.75%, related interest income could approximate \$24.6 million for 2007-08 and \$21.0 million for 2008-09. However, the level of interest generated by invested Cash Reserve Fund balances will be significantly dependent upon (1) the extent to which any additional legislatively scheduled transfers from the fund may reduce its balance, (2) the extent to which any inflows to the fund may increase its balance, and (3) interest rates prevailing over time. The revenue impact of LB249 with respect to the General Fund and the Building Renewal Allocation Fund (a cash fund) are similarly dependent on these noted factors.

If LB249 is enacted, appropriations from a source or sources other than the State Capitol Restoration Fund will be required to complete work on the Capitol exterior restoration project as proposed in LB1060 [2006] or otherwise. No amounts will accrue to the fund under the provisions of the bill.